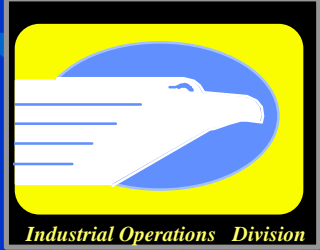




# Summary Briefing of the Modernization Through Spares Workshop

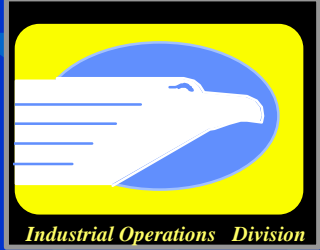
22 July, 1997



# Objective



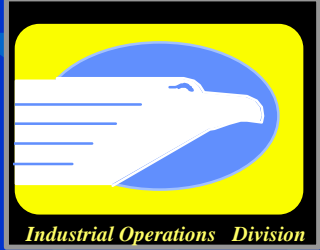
The objective of the workshop was to examine the status of the MTS program and its synergistic effects when combined with other acquisition reform initiatives. The most recent directives and policies regarding MTS were discussed, along with lessons learned from other Army MSCs related to the program's positive ramifications.



# Agenda



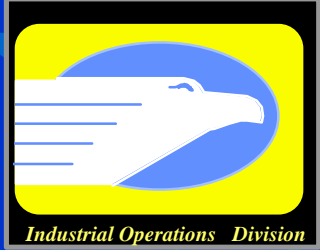
- Modernization Strategies - Dr. Oscar
- Implementing MTS - Mr. Adams
- Success Stories by CECOM, TACOM, and ATCOM.
- Working Groups (8 hours)
- Report out of Working Groups



# Vital Statistics



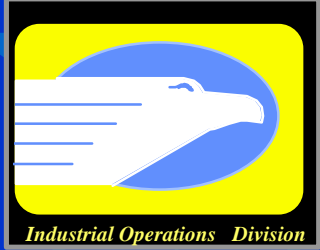
- Held May 28-29, 1997 at Redstone Arsenal.
- Hosted by the U.S. Army MICOM
- Final attendance count: 536
- Representatives from all MSCs.
- Representatives from Air Force and Navy.
- Contractor representation (primes and subs) from defense industry.



# Working Groups



- Acquisition Initiatives
- Commercialization/Market Research
- HTI/Technology Insertion/CTIP
- VE/OSCR Program/PBD714
- Parts Obsolescence/DMSMS
- Logistical Sustainment Strategies
- Specs and Standards Acquisition Reform
- TDP Strategies/Performance Specifications
- Design Criteria
- CAIV- Cost as an Independent Variable



# Acquisition Initiatives / Creating Incentives



- ***BARRIERS:***

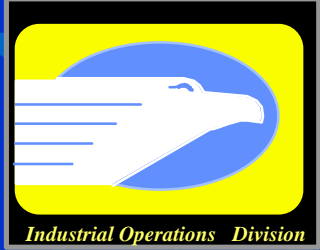
- Regulations, Laws and Rules.
- Government and Contractors have too few people who understand the other's perspective.
- Not enough incentives for contractors.
- Color of money.
- Lack of upfront commitment/resources.
- Unwillingness to accept risk.



# Acquisition Initiatives / Creating Incentives



- ***RECOMMENDATIONS:***
  - TEAMING AND PARTNERING.
  - DOD/DA must challenge and clarify rules.
  - Add contractor incentives (***RIW/TI/AIC***).
  - Address SBA Concerns - ***FIND A WAY***.
  - Maintain Gov't core technical capabilities.
  - Relax limitations and clarify the use of different colors of money.



# Commercialization / Market Research



- ***BARRIERS***

- No Assignment of Responsibility.
- Lack of Funding.
- Small Quantity/Density.
- TDPs.





# Commercialization / Market Research



- ***RECOMMENDATIONS***

- Charter Command Level Teams.
- Continue to Emphasize Performance Specs.
- Communicate With Industry.
- Provide Funding.



# CTIP / Horizontal Technology Integration / Technology Insertion



- ***BARRIERS***

- Funding source constraints (not systems view for improvement).
- Incentives not maximized or fully implemented.
- Education of Acquisition Team (Legal, Contracting, PMO, RDECs, Contractors) needs to continue with increased emphasis.
- Availability/Visibility of databases.
- Current processes focus on Reactive vs. Proactive Actions.
- Obligation authority is constrained.
- No MTS IPT to work issues and follow-through to drive MTS Conference Recommendations.



# CTIP / Horizontal Technology Integration / Technology Insertion



## • ***RECOMMENDATIONS***

- **Make MTS an RFP requirement and incentivize for success.**
- **Make data available to prime contractors.**
- **Consolidate/Merge ATCOM process with AMC LCC funding programs and transition to proactive approach.**
- **Have industry focused follow-up MTS conference within 3 months**
- **Expand DA HTI process to include MTS concept.**
- **Implement MTS Overarching IPT to follow-up and mature MTS concept.**
  - **Include Army Lab/Industry Representation.**
- **Implement/Fund/Dedicate resources to development of performance specifications for spares.**
- **Continue to educate community and continue to emphasize incentives to Government and Contractors.**



# VE / OSCR / PBD714



- ***BARRIERS***

- Stability of OSCR/RM&S Workforce.
- Process Ownership is jealously guarded.
- Incentives for generating good candidates do not exist.
- Assigning the different cost savings program to different offices is counter-productive and leads to duplication of effort.
- Obtaining the Commanding General's signature before packages can be forwarded to AMC occasionally slows the process.
- Internal coordination is too extensive and time consuming.



# VE / OSCR / PBD714



- ***RECOMMENDATIONS***

- A formal familiarization/training program should be required for the OSCR Point of Contact and IPT members that perform studies.
- An AMC Workshop is required for key MSC OSCR/RM&S personnel to obtain new program changes and guidance.



# Parts Obsolescence / DMSMS



- ***BARRIERS***

- Unclear Funding
  - No Dedicated Funds for MTS/DMSMS Modernizing the Rest of the System
- Communications
  - Buying Responsibility (DLA)
  - Programmatic Duplications, Directive, etc.
  - Logistics/PM Priority Conflicts with Spares
- No Technology Predictive Model
- Limited Data Bases for Non-Electrical Sourcing
- Lack of Cost Trade Off Analysis for DMSMS Resolution



# Parts Obsolescence / DMSMS



- ***RECOMMENDATIONS***

- MTS/DMSMS Candidates be Procured on Longer-Term Contracts with Tech Insertion Clause.
- Provide Clear Funding/Dedicated Funds for MTS/DMSMS Implementation.
- Implement Business Process Engineering.
- DoD Develop Annual Technology Trends Report.
- Industrial Base Develop Automated Sourcing Data Base for Key Non-Electrical Commodities.
- IDENTIFY DoD MTS FOCAL POINT, STRATEGY, IMPLEMENT AND REPORT.



# Logistics Sustainment Strategy



- ***BARRIERS***

- USC (CICA/Depot 60/40)
- FAR (Part 6)
- Policy (DODD 5000.2)
- Paradigms
- Bureaucracy
- Resources





# Logistics Sustainment Strategy



- ***RECOMMENDATIONS***

- Provide Strategic Vision for MTS.
- Modularity/Open Architecture/Embedded Diagnostics.
- Maximize Use of COTS/NDI Acquisition Strategy.
- Multi-year Contracts/Incentive Fee.
- Contractor Buy-in/Risk Sharing.
- Consider CLS (Total, Partial, Hybrid).
- TEAMWORK REQUIRED!

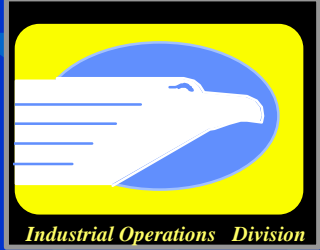


# Specs & Stds Acquisition Reform



- ***BARRIERS***

- Identification of legacy systems to be reprocured under performance-based requirements.
- New Responsibilities are Unclear.
  - Contractor
  - Government
- Preparers of Acquisition Documentation.



# Specs & Stds Acquisition Reform



- ***RECOMMENDATIONS***

- Identify Changes to Government/Contractor Risk Relationships and Risk Management Approaches.
- Risk Mitigation
  - Adequacy of Performance Specs
  - Validation/Verification of Products/Processes/
  - Contract Language
- The Key Issue is TRUST.

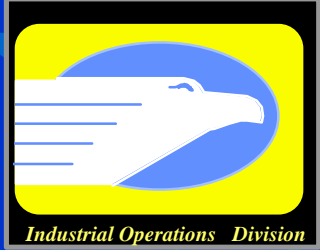


## TDP Strategies / Performance Specs



- ***BARRIERS***

- Internal funding to accomplish TDP conversions.
  - Source of funding
  - Type (color) of funding
- Logistics impacts.
- Current logic on requalification of spares.
- Proprietary Rights.
- Comfort with the “Old Way of Business”.
- Regulatory and Statutory Restrictions.

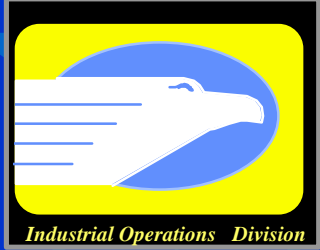


## TDP Strategies / Performance Specs



- ***RECOMMENDATIONS***

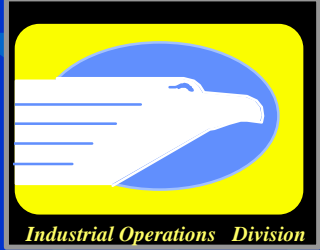
- Develop and implement a decision process to prioritize TDPs to convert to PERF SPECS.
- Require PM planning for Modernization through Spares.
- Develop training for multifunctional Government workforce, plus outreach to industry.
- Increase use of long term spares contracting, with NRE costs amortized in unit price.



# Design Criteria

- ***BARRIERS***

- Rigidity of legacy designs.
- Lack of experience/training in preparing allocated performance specifications.
- Culture
  - Inertia of infrastructure.
  - Desire for optimum performance.
  - Conservative design approaches.
  - Acceptance of third party testing.
  - Ownership of detailed design.
  - Attraction of new systems vs improving spares.
  - Lack of incentive for MTS.



# Design Criteria



- ***RECOMMENDATIONS***

- Use a modular open systems approach.
- Additional training in allocating performance to spares.
- Template to select MTS candidates.
- Release design control below the “atomic” level.
- Leadership/education to overcome cultural inertia.



# Cost as an Independent Variable (CAIV)



- ***BARRIERS***

- Lack of understanding of long term cost implications.
- Adversarial relationship between PM and contractor when addressing quantitative performance levels.
- “Best guess” cost estimates that become rigid requirements.



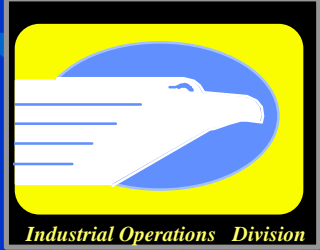


## Cost as an Independent Variable (CAIV)



- ***RECOMMENDATIONS***

- CAIV/MTS should not become a bureaucratic add-on requirement.
- Avoid point targets for cost. Instead, use cost ranges that are consistent with the program phase.
- Remember that cost-performance trade-offs do not necessarily imply a reduction in performance.



# Consensus Recommendations



- Establish an Overarching IPT to address the implementation of MTS.
- Establish a formal funding source to ensure successful implementation.
- Establish training to address misunderstanding and cultural change.
- Address restrictive rules and regulations that impede the MTS initiative. (For example, the color of money.)
- Bring industry into the process.
  - Educate
  - Incentivize



# Proceedings



- Available on the Internet at:
  - <http://ippd.redstone.army.mil/io/pcontrol.html>
- Soon to be available on CD-ROM.
  - Distributed by request to workshop participants.



# Points of Contact



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